

One-reading Ordinance 1) Rejecting the requested assignment from Air Products to HEP Javelina SMR of the current Chapter 380 Incentive Agreement; 2) Declaring that the current Chapter 380 Incentive Agreement terminates on Dec. 31, 2024 pursuant to Article VI, Section 6.01 of the 380 Incentive Agreement; and 3) Authorizing the execution of a new Chapter 380 Incentive Agreement with the existing owner and/or new owner, HEP Javelina SMR LLC, to provide a rebate of 25.5 % of the ad valorem taxes payable to the City on the Hydrogen Steam Methane Reformer Facility to match the amount payable on improvements under the new Industrial District Agreement of the City.

Whereas, on December 15, 2009, the City Council authorized Resolution No. 028452 which authorized the City Manager to execute a Chapter 380 Incentive Agreement with Air Products, LLC for the development and operation of a steam methane reformer that produces hydrogen, to be known as the “Corpus Christi Hydrogen SMR Facility”, that offers benefits similar to those afforded to industries in the City’s Industrial Districts;

Whereas, on Dec. 15, 2009, the parties entered into the agreement titled “Chapter 380 Incentive Agreement by and between City of Corpus Christi, Texas and Air Products LLC”, (the “**380 Agreement**”), under which Air Products LLC agreed to: complete construction of the Corpus Christi Hydrogen SMR Facility (the “**CC HSMR Facility**”) by Dec. 31, 2010; operate the CC HSMR Facility for its useful life of at least 15 years; create at least 4 new full-time jobs at average salary of \$60,000 annually; and maintain the CC HSMR Facility for entire period during which the City Commitment is paid out;

Whereas, the 380 Agreement currently provides for in lieu of tax payments of 60% of the amount of ad valorem taxes that would otherwise be payable to City by Air Products on the CC HSMR Facility;

Whereas, Section 8.05 Assignment Clause of the 380 Agreement provides:

“8.05 Successors and Assigns.

- A. Except as provided in Article IV, no Party has the right to assign its rights under this Agreement or any interest in this Agreement, without the prior written consent of the other Party, except Air Products may assign its rights and responsibilities under this Agreement to any related, affiliated, or subsidiary entity to which substantially all of its assets, liabilities, and its rights to proceed with development of the Project are transferred without the consent of the City. The written consent may not be unreasonably withheld.
- B. If Air Products is seeking City consent to assign, City Council shall consider the consent to assign within 30 days of the written notification. If the decision is not received by the Party seeking consent within 60 days of their request for consent, the assignment is deemed approved.”

Whereas, by notice dated November 5, 2024, Air Products LLC notified the City that effective September 25, 2024, Air Products LLC (“**Air Products**”) and HEP Javelina SMR, LLC (“**HEP**”) entered into an Asset Purchase Agreement for the sale of the CC HSMR Facility which is located at 5401 Up River Road, Corpus Christi, Texas and requested City consent to assignment of 380 Agreement to HEP; and

Whereas, the City Council finds that any outstanding 380 agreements with a termination that is tied to the expiration of the industrial districts will terminate on December 31, 2024;

Now therefore, be it ordained by the City Council of the City of Corpus Christi, Texas that:

Section 1. The requested assignment of the 380 Agreement from Air Products to HEP is hereby rejected.

Section 2. The 380 Agreement terminates on December 31, 2024.

Section 3. The City Manager or Assistant City Manager is authorized to execute a new Chapter 380 Incentive Agreement with the existing owner and/or new owner, HEP Javelina SMR LLC, of the CC HSMR Facility to provide a rebate of 25.5% of the ad valorem taxes payable to the City on the CC HSMR Facility improvements in order to match the amount payable to the City under the new Industrial District Agreement which was authorized by City Council on September 3, 2024, with an expiration date that mirrors the new IDAs.

Section 4. If for any reason any section, paragraph, subdivision, clause, phrase, word, or provision of this ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this ordinance, for it is the definite intent of this City Council that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

Section 5. Upon written request of the Mayor or five City Council members, copy attached, the City Council: (1) finds and declares an emergency due to the need for immediate action necessary for the efficient and effective administration of City's affairs and (2) suspends the Charter rule that requires consideration of and voting upon ordinances at two regular meetings so that this ordinance is passed and takes effect upon first reading as an emergency measure on this 3rd day of December, 2024.

Corpus Christi, Texas

_____ day of _____, 2024

TO THE MEMBERS OF THE CITY COUNCIL
Corpus Christi, Texas

For the reasons set forth in the emergency clause of the foregoing ordinance, an emergency exists requiring suspension of the Charter rule as to consideration and voting upon ordinances at two regular meetings. I/we, therefore, request that you suspend said Charter rule and pass this ordinance finally on the date it is introduced or at the present meeting of the City Council.

Respectfully,

Council Members

Respectfully,

Paulette Guajardo
Mayor

The above ordinance was passed by the following vote:

Paulette Guajardo	_____
Roland Barrera	_____
Sylvia Campos	_____
Gil Hernandez	_____
Michael Hunter	_____
Jim Klein	_____
Mike Pusley	_____
Everett Roy	_____
Dan Suckley	_____